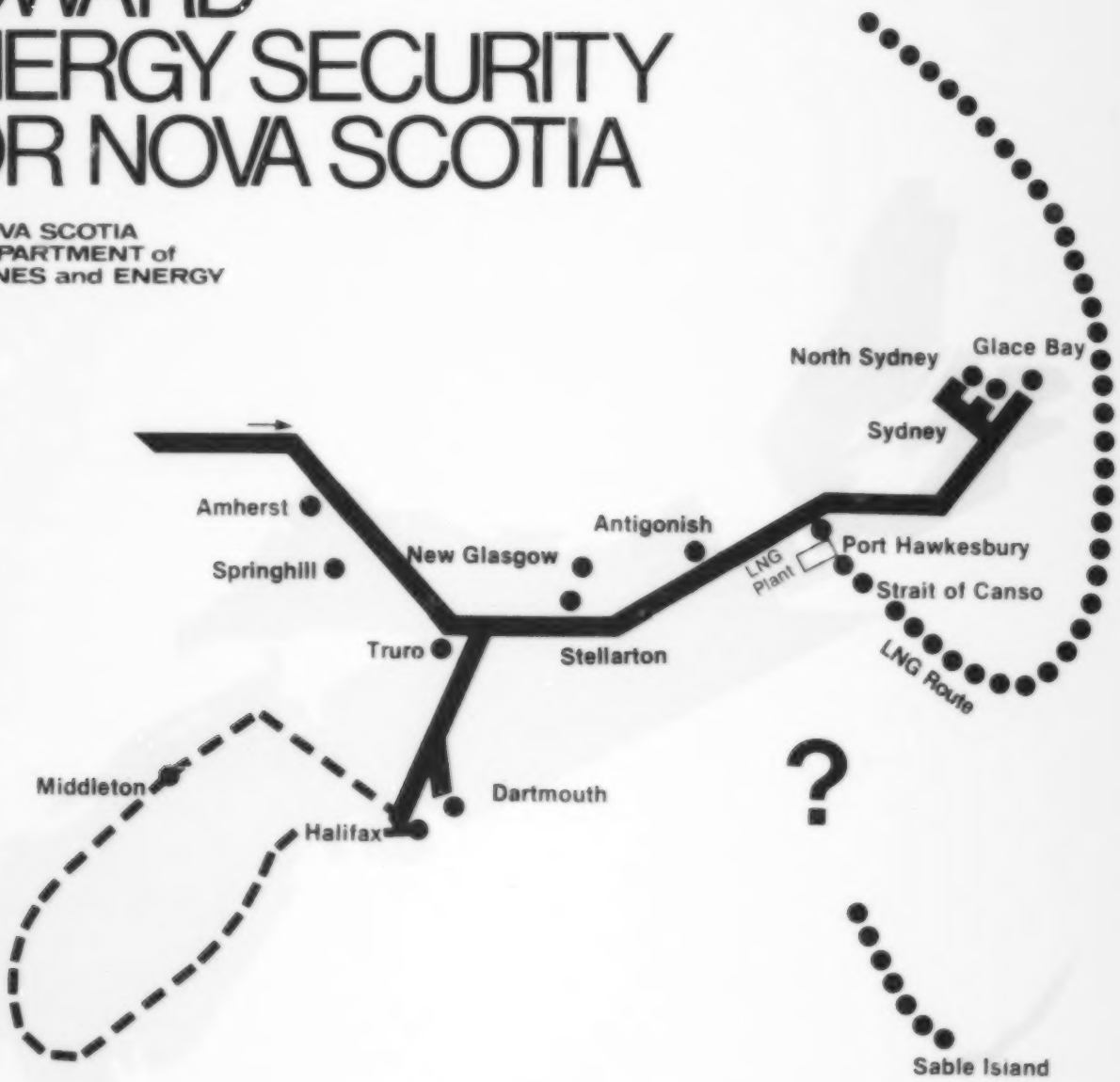
THE NATURAL GAS PIPELINE

TOWARD ENERGY SECURITY FOR NOVA SCOTIA

NOVA SCOTIA
DEPARTMENT of
MINES and ENERGY



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TOWARD

ENERGY SECURITY FOR NOVA SCOTIA

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Department of Mines & Energy

Honourable Ron Barkhouse, Minister

Dr. William S. Shaw, Deputy Minister

September, 1980

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104-01194/

INTRODUCTION

This publication The Natural Gas Pipeline-Toward Energy Security for Nova Scotia has been produced to better inform all Nova Scotians of the importance of extending the natural gas pipeline to Nova Scotia in order to reduce our dependence upon foreign oil. Chapter I discusses the role of natural gas in our future energy supply and the efforts of the Nova Scotia government to obtain this clean, efficient and secure energy source for the Province. Chapter II uses a series of questions and answers to explain some of the most commonly asked and most pertinent questions about natural gas and its application to Nova Scotia.

1. NATURAL GAS FOR NOVA SCOTIA

1.1 Clean and Versatile

Natural gas is considered a premium fuel by all industrialized countries of the world. A member of the hydrocarbon family, it is essentially methane gas. Like most petroleum fuels it is a highly concentrated form of energy.

For many years natural gas has enjoyed a growing market in all of Canada from Montreal to the Pacific coast where it is used instead of liquid petroleum products. Its applications are almost limitless. It is used for space and process heating in industrial, commercial and domestic sectors as well as serving as a petrochemical feedstock for industrial enterprises which create thousands of jobs and millions of dollars of income.

Like liquid petroleum products natural gas can be used directly within the home or industry to provide extremely efficient heat without suffering conversion losses, causing pollution or cleanliness problems. In fact, it can be said that pipeline quality gas is the cleanest and most efficient form of primary petroleum energy that can be burned by the consumer to heat his home.

1.2 Supply is Secure and Plentiful

The supply outlook for natural gas in Canada is extremely encouraging. Estimates of years of known deliverable reserves range from sometime early in the next century to 100 years and more. Unlike our oil supplies more gas is being found each year than is being consumed and exported from Canada. Reserve additions continue to mount and it is now obvious that a much greater reliance will be placed upon

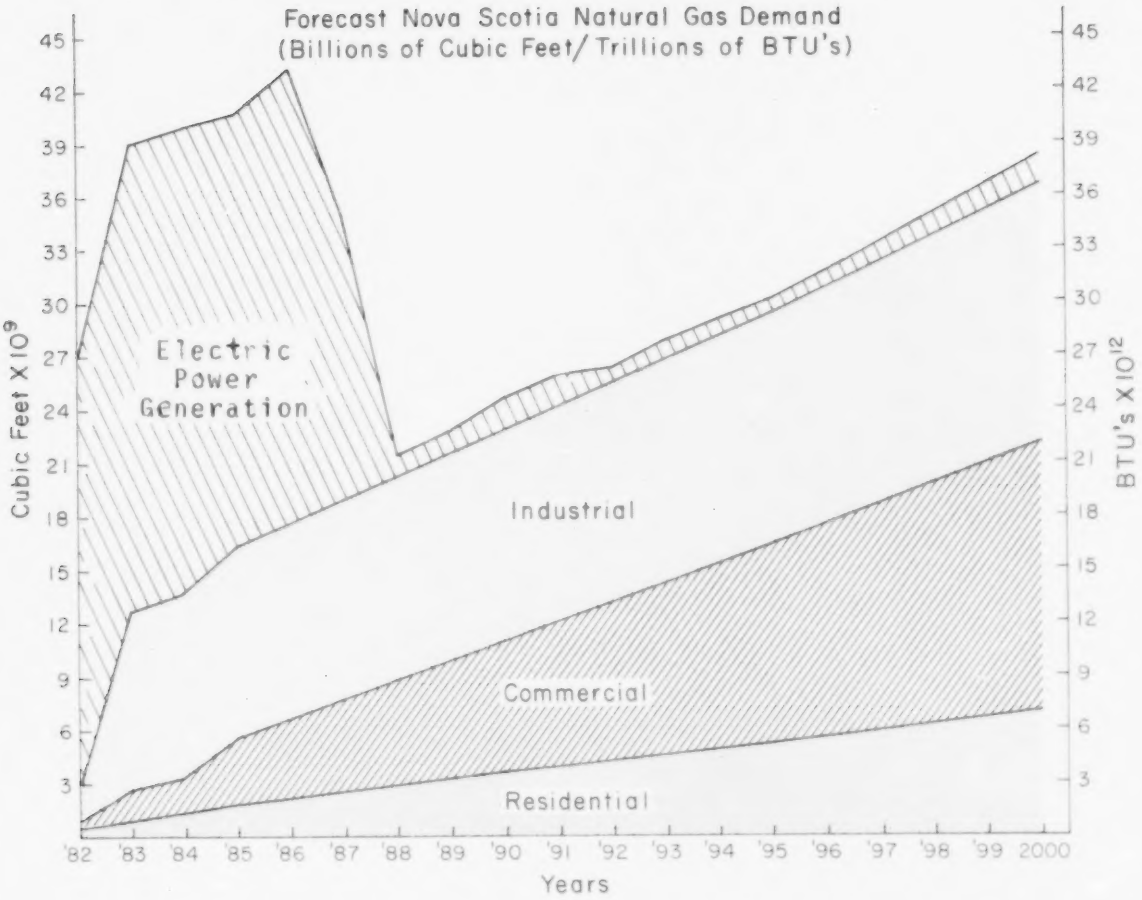

Forecast Nova Scotia Natural Gas Demand
(Billions of Cubic Feet/ Trillions of BTU's)
Cubic Feet X 10^9
BTU's X 10^12
Electric Power Generation
Industrial
Commercial
Residential
Years
'82 '83 '84 '85 '86 '87 '88 '89 '90 '91 '92 '93 '94 '95 '96 '97 '98 '99 2000

FIGURE 1

In the early years natural gas will substitute for imported oil in electrical generation until additional coal mines and coal-fired generating stations can be brought into production. A small amount of natural gas will continue to be used for peaking purposes because the only alternative would be light fuel oil from imported oil.

natural gas by those provinces which have access to this prized form of energy.

Our provincial energy policy has recognized the healthy long term natural gas supply outlook. The Province is also cognizant of the fact that it was over 80% dependent upon insecure foreign petroleum for our energy supply during 1979. The possibility of substituting Canadian natural gas for part of this imported oil (approx.25%) is a prudent and logical policy to follow. Natural gas alone cannot eliminate our dependence upon foreign oil. Nova Scotia coal will also play a major role in displacing petroleum, especially for electrical generation and for very large industrial users where coal is clearly the most economic and technically efficient means of doing so. Together these two primary energy sources can reduce our oil requirements to 50% of our present use on a per capita basis.

1.3 Acquisition of Natural Gas for Nova Scotia

Nova Scotia does not have access to natural gas. The situation nationally is that all of Canada from Quebec City west is or very shortly will be served with natural gas. The natural gas transmission line currently terminates at Montreal and approval by the National Energy Board for an extension to Quebec City has recently been granted.

Nova Scotia's only opportunity for an early and assured supply of natural gas is by the extension of our national natural gas pipeline into the Maritimes.

During 1979 and early 1980 public hearings were held by the National Energy Board with respect to a joint application by Q & M Pipelines Ltd. and TransCanada Pipelines Ltd. to extend the national natural gas transmission line

Figure 2

Reproduced with the kind permission of Q&M Pipelines Ltd.

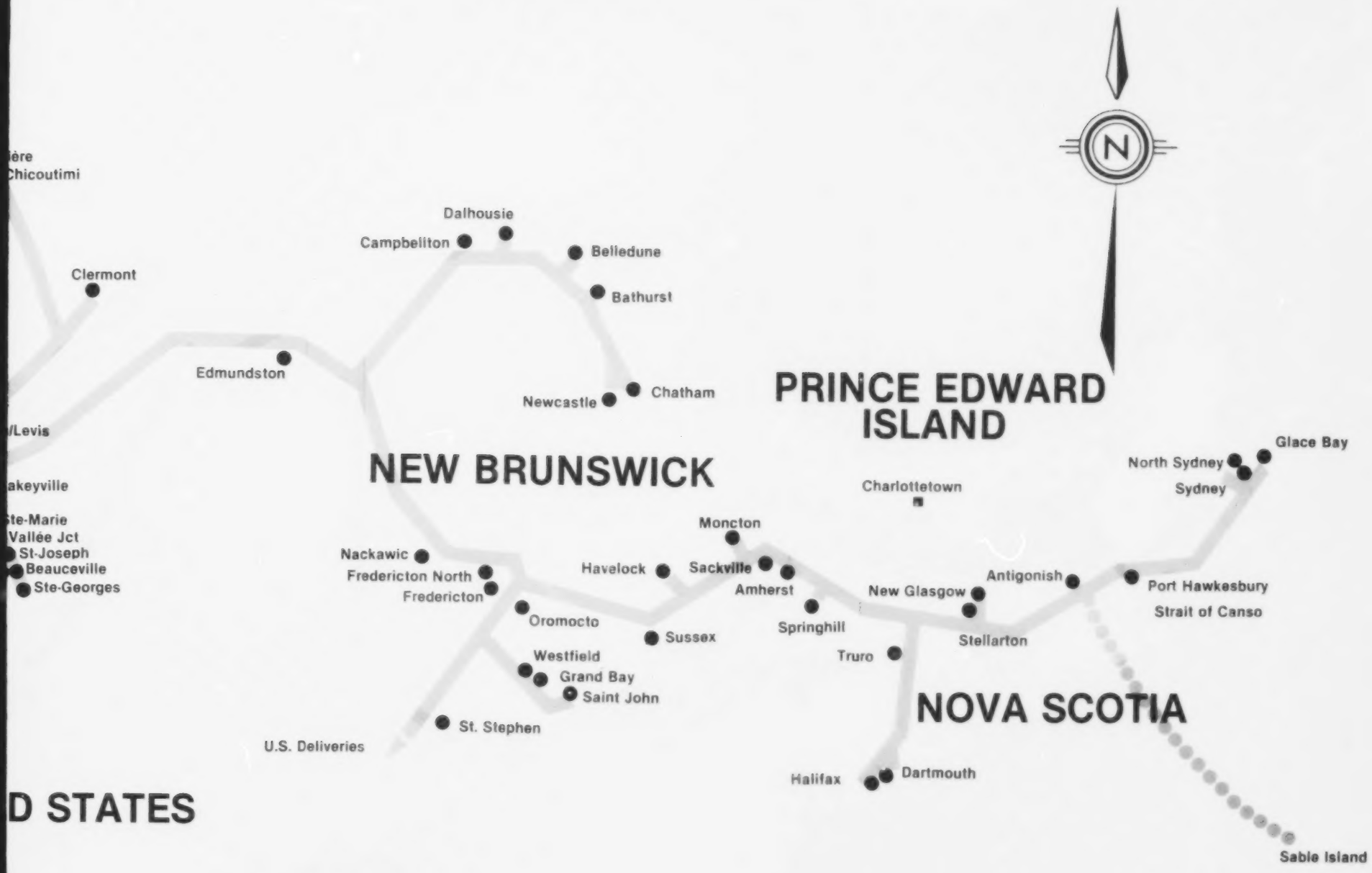


Figure 2

Trans Canada/Q&M System

east of Montreal to Quebec City, through New Brunswick and into Nova Scotia. The Province of Nova Scotia fully supported this application and asked the Board that the applicants be granted a certificate to build and operate the line and that the project should be constructed as quickly as possible.

Nova Scotia, in its testimony before the National Energy Board, stated five points which covered its position on this matter.

1. Natural gas can substitute for insecure imported oil in a variety of applications throughout the Nova Scotia economy.

2. Nova Scotia consumers cannot accept gas at a price which is greater than the burner tip price prevailing in central Canada and Quebec. Nova Scotia thereby would realize the benefit, presently available to these provinces, of a pricing policy which is intended to maintain the price of gas to the consumer lower than the price of its thermal equivalent in oil.

3. Availability of gas will enable Nova Scotia and the region to offer a more diversified energy base.

4. The Province felt that no direct federal or provincial subsidies were necessary to construct and operate the line.

5. The decision on the line should not impede but instead encourage potential offshore gas development.

1.4 N.E.B. and Federal Cabinet Decision

On May 15, 1980, three days before the Quebec referendum, Federal Energy Minister Marc Lalonde announced the decision of the N.E.B. and its acceptance by the Federal Cabinet. He stated that the line would be extended to Quebec City and other Quebec communities but not to the Maritimes.

Two basic reasons were given for not extending the national natural gas pipeline system to the Maritimes:

1) Environmental
2) Uncertainty about offshore gas potential

This decision meant that the Maritimes would continue to be denied access to the Canadian energy resource base. Nova Scotians would be denied the security and economic benefits that the rest of Canada west of the New Brunswick border is enjoying. Especially disconcerting was the fact that this decision was made in the full knowledge that the Maritimes, unlike the rest of the country, are 100% dependent upon politically unstable foreign countries for their oil supplies.

1.5 N.S. View of the N.E.B. Pipeline Decision

The Province has studied carefully the N.E.B. decision and has officially applied for a review and an amendment to that decision. The Province contends that the two major reasons cited in support of the N.E.B. judgement - environmental concerns and uncertainty about offshore gas potential - are not justifiable in the light of evidence presented at the original hearings.

1.5.1 Offshore Resources

The N.E.B. indicated in their "Reasons for Decision" that evidence was presented concerning the possibility of offshore natural gas production and that a positive decision could not be undertaken until more information was known.

The Province contends that the "evidence" presented at the hearings was entirely speculative and, except for that of Mobil Oil Canada Ltd. and the Province of Nova Scotia, purely hearsay.

Mobil Oil, the most knowledgeable of all witnesses presenting evidence on the offshore Scotian Shelf, indicated that future gas production off the east coast can be considered only speculative at best. Not enough information has been acquired to properly assess the offshore potential. Mobil further indicated that it would probably be three years before enough information is available to make a decision as to whether it would be feasible to proceed with commercial production activities. The company went on to indicate that even if everything went well and on schedule, it would be at least 1987 or possibly later before offshore natural gas could be brought ashore.

Similarly the Province of Nova Scotia testified, as owner of the resource, that any projections of offshore production would be pure speculation at this time. The province told the N.E.B. that it would be three years before enough information were known to make a commercial project viable and at least 1988 before gas could be brought into Nova Scotia.

Other intervenors talked about the offshore potential but being neither an operator (such as Mobil) on the Scotian Shelf or owner of the resource (the Province of Nova Scotia), their "evidence" was only of a hearsay nature - hardly a sound basis for holding up the critically-needed pipeline project.

In its closing submission (See Appendix 1) the Province clearly and concisely addressed the result of a "wait and see" attitude towards the pipeline.

a) An immediate decision to proceed with the pipeline extension would involve only a two year delay in natural gas delivery to Nova Scotia.

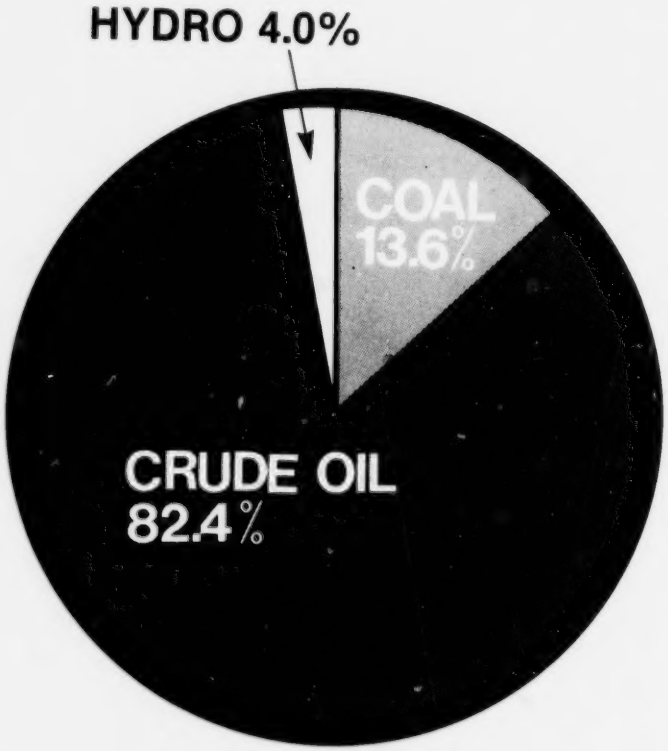
b) If there were a decision to delay and wait for the results of development drilling with adequate testing presumed completed in 1983, one of two delivery dates could be expected depending upon the test results. If commercial reserves are not present and a decision was then made to extend the transmission line, the province would experience a five year delay in receiving natural gas. However, if commercial reserves are proven, then the construction of production facilities would extend the critical time period to at least eight years.

The Province therefore clearly drew to the N.E.B.'s attention that to delay the Maritime portion of the line on the basis of speculative east coast oil and gas prospects will mean a delay of at least five years and possibly eight years in displacing insecure imported oil in Nova Scotia.

However, the N.E.B. chose to delay the decision on the Maritime leg of the pipeline in order to acquire additional information. The Province now is asking the Board to review the evidence presented that brought them to this conclusion. It is the belief of the Province of Nova Scotia that most of the evidence concerning potential offshore activity was produced by intervenors whose information was merely hearsay. Reliable evidence in this respect is available only from the owner of the resource - the Province - and the operator - Mobil Oil Canada Ltd.

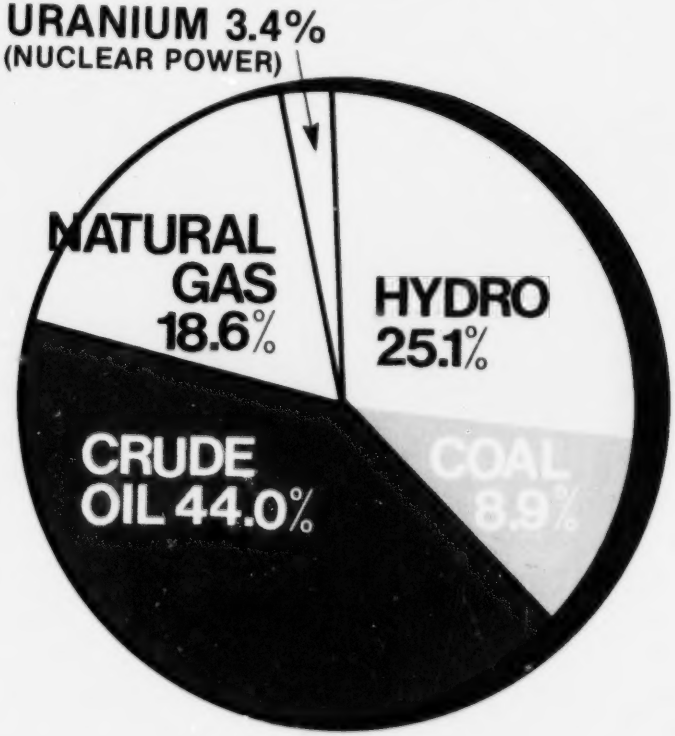
Comparison of Nova Scotian and Canadian Primary Energy Mixes (%)

Nova Scotia does not have a diversified energy supply.



NOVA SCOTIA

Canada from Montreal west is depending upon natural gas for increasing amounts of energy for process and space heating requirements.



CANADA

Natural gas will continue to play a major role in contributing to Canada's energy supply. Over the rest of this century and beyond, this Canadian energy resource will increase its share of the energy market due to security of supply, reasonable price, efficiency and cleanliness.

1.5.2 Environmental

The second major reason cited by the N.E.B. in its negative decision was that the applicant did not fulfill all the environmental requirements. In this respect three points should be noted.

a) At no time during the hearing was any of the Province's witnesses asked any question or opinions on the environmental work undertaken by Q & M.

b) The provincial Department of the Environment has examined the environmental studies undertaken by the applicant and found that the Quebec and the Maritime environmental studies were similar in all essential aspects.

c) Both the Quebec and Maritime environmental studies were found deficient in certain areas.

The Board appears to have used a different standard for the Quebec segment than the Maritime segment of the line because they issued a conditional certificate to TransCanada Pipelines for the Quebec segments and refused a certificate for the Maritime segment.

1.6 Summary

The Province has asked the N.E.B. to review the application and to approve a certificate of public convenience and necessity for Q & M Pipelines Ltd. to construct and operate a natural gas pipeline to the Maritime as quickly as possible (See Application, Appendix 3). The

Province stresses that (a) undue emphasis and reliance was placed on hearsay and speculative evidence relating to the east coast offshore, and (b) inconsistent standards were used in assessing environmental considerations.

It is important for all Nova Scotians that the Board re-examine this application and judge both the credibility of the evidence presented and the urgent need for the Maritimes to acquire secure Canadian natural gas to displace foreign crude oil.

2. QUESTIONS AND ANSWERS CONCERNING NATURAL GAS AND NOVA SCOTIA

This chapter answers some of the most common questions and queries concerning natural gas in the Nova Scotia context.

2.1 Necessity and Benefits

Question - Why does Nova Scotia need natural gas?

Answer - Nova Scotia depends upon insecure foreign oil for approximately 80% of its total energy requirements. Space heating, process heat (industrial) and transportation account for most of the oil used within the province. Such an overwhelming dependence upon oil in all aspects of our life in this province means that its continued availability at stable prices is crucial to each and everyone of us.

However, in Nova Scotia as well as in the rest of Atlantic Provinces we are dependent upon our supply of oil from what must be recognized as politically and socially unstable sources. Many of the oil exporting nations view oil as an economic instrument to use against the rest of the world in achieving their political, social and economic objective. Such action has meant and will continue to mean an insecure supply of oil for Nova Scotia and pricing policies dictated by the whims of the oil exporting countries. To compound matters the world's supply of oil is diminishing rapidly, and new incremental production is becoming increasingly costly. As a result, most enlightened energy policies are aimed

at reducing a society's vulnerability to foreign oil and regulating available supplies to higher end uses, such as transportation, where no readily acceptable substitutes exist.

It is precisely because of our dependence upon insecure and increasingly expensive foreign oil that Nova Scotia's access to domestic natural gas is so critical. Natural gas is a ready and efficient substiture for many of the uses which we currently depend upon oil products to fulfill. Space heating for homes, institutions, commercial establishments and industry can be conveniently and efficiently accommodated through the use of natural gas. Process heat requirements by industry can ideally be met by using gas as is common in most of Canada.

Canadian natural gas is secure, very efficient as a heating fuel and is already selling at burner tip prices to the homeowner appreciably lower than fuel oil. If for example you have friends or relatives in Ontario, you probably already know it costs less to heat an equivalent home in Ontario with natural gas than with furnace oil.

It is very likely that national energy policy over the rest of this century will encourage the use of gas through prices lower than those of competing liquid petroleum products. Natural gas is a clean, safe, economical fuel for industry and the home. Its use in Nova

Scotia will also diversify our energy mix for more efficient matching of supply and demand. If Nova Scotia is not allowed access to the Canadian natural gas resource base we can conclude that national energy policy is being designed to discriminate against us.

Question - What other economic benefits can Nova Scotia expect to get by using natural gas?

Answer - The availability of this secure source of energy - which is clean, efficient and less expensive than oil - will give commercial and industrial enterprises a fuel to allow them to stand on the same cost structure as their central Canadian competitors. Being secure in supply and stable in price, it will also allow these enterprises to undertake medium and long term planning with some degree of confidence.

Natural gas can also open up new opportunities for businesses (such as glass manufacturing) which require gas as part of their process. And there will be a new market for manufacturers and sellers of gas furnaces, heaters and appliances.

Nova Scotia, and the Maritime provinces generally, will derive benefit from a national energy policy which provides for natural gas substitution for oil in domestic, commercial and industrial processes as it now does in all provinces west of New Brunswick.

2.2 Supply

Question - What is the supply situation concerning natural gas in Canada?

Answer - Firm estimates of total deliverable natural gas supplies are increasing rapidly. It now appears that, even with a continuation of approved exports, known conventional supplies will last well into the next century. Some informed sources, including exploration and production operators such Canadian Hunter Petroleum Ltd., estimate over 100 years of supply.

Question - How do we obtain natural gas quickly?

Answer - The only supply of natural gas which is readily accessable to Nova Scotia is in western Canada. Currently the transmission line for this gas terminates at Montreal. The N.E.B. has recently given permission for the line's extension to Quebec City and this line must be extended into the Maritimes. Q & M Pipelines Ltd. (Q & M) a subsidiary of Alberta Gas Trunk Line Ltd. (A.G.T.L.) applied to the National Energy Board in 1979 for a certificate to construct and operate a natural gas pipeline into the Maritimes. This pipeline could begin to supply natural gas to Nova Scotians within two years. The N.E.B. decided against granting Q & M its certificate to service the Maritimes with Canadian natural gas. However, the N.E.B. decision (which was announced by federal Energy Minister Marc Lalonde in Quebec City three days before the Quebec referendum) did allow the pipeline extension to Quebec City.

Nova Scotia can acquire natural gas within two years if the N.E.B. and the federal cabinet make a favourable decision now on Nova Scotia's request for a review and amendment to the N.E.B. decision of May 15, 1980.

Question - Why do we have to depend upon western natural gas instead of our offshore natural gas?

Answer - At the present time the possibility of offshore natural gas production has to be considered speculative and therefore cannot be depended upon with certainty as a secure future source of energy for Nova Scotia. The only readily available supplies of gas that can be immediately utilized by Nova Scotias are in the western gas fields.

The existence of the transmission line eliminates all the risks of depending upon the still-unknown resources in the offshore, yet it allows us to take full advantage of offshore gas supplies should they prove commercially viable.

Question - If we acquire western natural gas, won't such a move delay the possible development of our offshore natural gas resource?

Answer - The acquisition of western natural gas and a transmission line into the Maritimes will be a positive impetus to offshore development for the following reasons:

(a) local market and distribution systems will have been developed;

(b) the transmission line can be easily reversed, allowing any surplus production to be moved to Maritime central Canadian export markets;

(c) the construction and operation of the gas transmission and distribution systems will provide employment, income and on-the-job experience in new skills which will be urgently required if offshore production is realized.

Question - Because of potential future offshore gas production and the possibility of liquified natural gas (LNG) being brought to the east coast from the Arctic, shouldn't we require a pipeline with prebuilt reversibility capability?

Answer - While all pipelines are capable of being reversed the line should be constructed to facilitate possible future reversibility. However to pre-build reversibility on the basis of pure speculation about future offshore gas production or other offshore sources would be a misallocation of resources for the following reasons:

(a) Offshore production may never happen thus costly unused capacity would exist and have to be recovered in the rate base.

(b) If it were known that offshore production would occur in the future, it is unknown at this time as to what volumes would flow through a reversed line. Therefore the amount of prebuilt reversible capacity would also be unknown.

(c) The Province has indicated to the N.E.B. that if offshore production were to occur at a future date, the pipeline could be looped where necessary and additional compression installed to suit the identified requirements. Such an approach would be the least costly and most efficient means of accommodating potential future offshore production.

2.3 Compatability with Coal

Question - Won't natural gas interfere with the development of coal?

Answer - Rather than compete against each other, natural gas and Nova Scotia coal are perfect complements. Each energy source can do certain things economically and technically better than the other. For example, it is much more economic to produce electricity using coal than with natural gas. Yet for the home owner or small business, gas is the more efficient energy source because of the large capital outlay which is required to utilize coal efficiently, safely and cleanly.

Nova Scotia's Energy Plan requires a vigorous program of coal mine expansion. Coal will continue to displace oil for generation of electricity and to meet incremental electrical demand as well as very large industrial uses.

During the early years until coal mines and generating plants can be brought into production, gas will be used to displace foreign oil for electrical generation in some of the present oil fired plants. By 1988 it is expected that petroleum, whether oil or gas, will no longer be used in any significant quantity to generate electricity.

2.4 Price and Conversion Costs

Question - What will be the price of natural gas in Nova Scotia?

Answer - Because of the similarities in occurrence and in production techniques the market price of natural gas is strongly influenced by the price of oil. However, natural gas in Canada has been priced such that it costs somewhat less, on the basis of equivalent thermal content, than liquid petroleum products such as furnace oil. For example it costs significantly less to heat a home in Toronto with natural gas than with oil. This price advantage of natural gas over oil is expected to increase during the next five years.

Question - Won't my conversion costs cancel the savings I will achieve in using natural gas?

Answer - The Alberta government and the natural gas producers are establishing what is called an incentive price for gas. In order to facilitate increased use of natural gas in Canada, gas distributed to new markets (such as Nova Scotia) will be eligible for an incentive price (i.e. lower than market price). Such a price allows the distributor to undertake customer conversions at little or no cost to the customer.

2.5 Characteristics

Question - Is natural gas safe?

Answer - Yes. Natural gas systems, if installed properly, are very safe. Unlike propane gas, natural gas has only one connection with the furnace (no tank is required). And unlike propane gas, which is heavy and accumulates in the lowest part of the house in the event of a leak, natural gas dissipates quickly into the atmosphere because it is lighter than air.

Question - Is natural gas an efficient fuel for home and industry?

Answer - Natural gas heating units, especially for smaller installations such as the home, commercial and light industrial enterprises, are much more efficient than oil fired systems. More of the BTU's contained in natural gas can be turned into usable heat than can be obtained from oil in oil fired equipment of similar size. Also furnace

servicing requirements are reduced by using natural gas.

Question - Won't the laying of distribution lines cause unsightly mess and disruption of our community's streets?

Answer - Unlike sewer and water mains, which are buried deeply underground, natural gas distribution lines are buried about two feet under the surface. This is because normal winter temperatures in Nova Scotia do not prevent any difficulties in gas flow.

Special equipment and methods are employed which can lay distribution piping astonishingly fast with minimal disruption to the community. In many communities across Canada it is common to see four to five miles of distribution piping laid and covered in one day during a market development program.

2.6 Public Action

Question - As an individual, how can I participate and help the province acquire this valuable new energy source as quickly as possible?

Answer - The decision of whether or not the Province of Nova Scotia is to have access to the nation's natural gas supply and when this will happen is solely in the federal government's hands. As a province, Nova Scotia has tried everything within it means to extend the gas pipeline past Quebec into the Maritimes. Q & M Pipelines Ltd. and TransCanada Pipelines have applied to construct the line, and a great deal of interest has been

shown by potential consumers of the gas.

As an individual you can help our province obtain natural gas by telling the federal government - individually or through associations and unions - that the extension of the natural gas line to the Maritimes has been delayed too long. The federal government needs to be reminded that in 1979, unlike the rest of Canada, Nova Scotia was over 80% dependent upon oil - all of which is obtained from secure foreign sources - and that it is essential to acquire domestic natural gas.

The federal government needs to be reminded that the people of Nova Scotia have a right to and expect access to secure and efficient forms of energy along with other Canadians.

APPENDIX I

A Collage of Newspaper Items Illustrating
Public Interest and Support
for the Q & M Pipeline

HALIFAX, CANADA, WEDNESDAY, JULY 23, 1980

PELINE DECISION APPEALED

HALIFAX, CANADA, FRIDAY, JUNE 27, 1980

Pipeline stall could hurt region

By BEVERLEY SPENCER

Eastern Canada's oil supply could be jeopardized if the National Energy Board continues board's verdict on Q and M Pipelines Ltd.'s application to extend

"All of our oil here is from

HALIFAX, CANADA, FRIDAY, MAY 16, 1980

Q&M hails province's call for review as positive st

By BEVERLEY SPENCER

...natural gas pipeline extension ...the Maritimes should ...ndered by the National ...ergy Board, says the ...Scotia government.

...the province has filed an ...al with the NEB, urging ... board to review and amend ... recent decision disallowing ... Ltd. to com-

The province's move has been heralded by the Edmonton firm as "a very positive step."

Q&M senior vice-president Robin Abercrombie said Tuesday in an interview the firm was "disappointed and very depressed" when the board turned down its request for the pipeline link from Quebec City.

But, he added, the move for ...peal "will get the ball

Mr. Buchana... to the feder... proval of ... southern ... pipeline ... ducer ... the ... ...

Minister ...

PIPELINE ENERGY

HALIFAX, CANADA, SATURDAY, MAY 17, 1980

...cision on pipeline brings angry debate

...F MATTHEWS
...a Bureau

— At least one ... The Valley MP ... government of ... tional Ene...

...pipeline decision reversal 'vital'

...GER EDGE

By HOLLY CLARK

The Maritime Provinces may never receive a natural gas pipeline to meet their energy needs if the federal government fails ... sion of th... by early ... says Dar... MP Mike ... And th... ic disas... ads, th... day in a telephone ... from Ottawa.

Earlier, in the House of Commons, Mr. Forrestall requested Prime Minister Trudeau reconvene National ... Energy Board (NEB) ... the board might ov...rn its May decision to delay exten... ported is sup... needs.

But, he added, tu... needs of the Maritim... be given equal consi...

sion of the pipeline east of Que... bec.

If the decision is not forth... coming soon, "it will be too late to get in on the pipeline, reversible or otherwise," he

"Unless we get a very quick reversal and award of the ex... tension, the chances of our ... ever getting a pipeline will be virtually zero."

See PIPELINE page 2

...peline ... gas in ... Island. ...uld prob... ...g petro... ...in the ...

HALIFAX, CANADA, TUESDAY, JULY 22, 1980

...Gas pipeline could stir petro-chemical interest

Canada Ltd., said here Wednesday.

Dow would be one of those, Mr. Hay said, but he warned that conditions would have to be right. The Sable ... would have to contain an ... ply of ethylene, ... portant ingredien... hemical product ... ition. in

Ottawa pi... its hopes o... natural gas

By Fred Harrison

OTTAWA

AMID THE FAMILIAR dirges about Canada's grim energy prospects, a new and surprisingly cheerful tune is ... picked up and hummed by ... planners.

... like sacrilege, as ... pricing ... prov...

NO GAS LINE FOR MARITIMES

...ALIFAX, CANA... ...ONDAY, JULY 7, 1980

Extension of gas pipeline pref...

By DON MacDONALD
Staff Reporter

...INNIPEG — The extension ...e natural gas pipeline to ...Maritime provinces is ...he preferred option" of ...al government, Ener... ...er Marc Lalonde told ...workshop on energy ...Liberal convention ...

...said the federal ...choice but to ...mmendation of ...

...the National Energy Board to ... the natural gas pipeline ... extend the pipeline only as far ... as Quebec City.

However, he said he is sym... pathetic to having the pipeline extended to the Maritimes.

Mr. Lalonde said he has discussed the issue with offici... of Q & M, promoters ... pipeline and recomm... them that they c... plying to the ... sion to ex... ther e...

...chanan seeks reversal NEB pipeline decision

...emier John Buchanan ...rsday pledged to fight a de... ...on stopping construction of ...natural gas pipeline into the ...aritimes but officials in New ...unswick and Prince Edward ...sland were taking it in stride. Mr. Buchanan said Thursday he will try to convince the fed...

See also page 5

...eral cabinet to overrule the National Energy Board deci... ...sion announced Thursday by Energy Minister Marc Lalonde.

"There comes a ... we are ...

...LIFAX, CANADA, FRIDAY, MAY 23, 1980

Decision on pipeline 'should be reversed'

JOANNE LANGLEY

Nova Scotia has more to lose by the National Energy Board's denial of the Q ... M Pipeline application t... other province in Can... Halifax Board of Tr... Thursday.

... natural gas ... to N...

...the line unnecessary.

But ... Ottawa ... extensi... the N... most ... and ... cos...

...minister said the cabinet's ... ...ted to ver...

HALIFAX, CANADA, SATURDAY, JULY 19, 1980

Energy board urged to reassess pipeline

By KATHY HALL
Staff Reporter

It is both important and necessary that a natural gas pipeline extension be ... from Quebec to the Maritimes because of the region's ... secure energy supply, according to Development ... Roland Thornhill.

most vulnerable area of Canada. Even energy alternatives coming on stream, ...tural gas to meet all our energy needs ...ble."

...oard (NEB) earlier this year re...

BOARD page 2

Thursday by the board's direc... tors at their monthly meeting. Harold Gidderis, chairman of the board's oil and gas com... mittee, said the board wants ... government to take ... step

HALIFAX, CANADA, FRIDAY, JULY 18, 1980

Cabinet approves NEB decision to extend system to Quebec City

By JEFF MATTHEWS
Ottawa Bureau

OTTAWA — Natural gas supplies from Western Canada will flow no farther east than ...ec City for the time being, ... government ruled ...

...ments, he said, but that should not mean undue delays.

We are determined that this pause be as short as possible, and to this end we are looking at ways in which exploration at Sable Island and Hibernia can be accelerated."

The government has also asked Q and M Pipe Lines Limited to complete the unfinished work on its application to extend the pipeline, Mr. Lalonde said, "so that the NEB could examine a new application as quickly as possible."

"We are optimistic that the short time taken in obtaining this new information will not result in a delay in the scheduled deliveries of natural gas to the Maritimes."

Capital and operating costs to bring the pipeline as far as Quebec City are estimated at more than $1 billion.

Work on the main line to Quebec City w... year. Mr. Lalon... the parallel exte... Eastern Township... construction in the ...od and a third line ... Jean one year later.

By 1985, the minis... the system will be ca... delivering about 69.5 bi... bic feet of gas to the ... market, rising to 136.5 ... cubic feet by 1990.

See CABINET page 2

Buchanan says Ottawa showing typical disregard for Maritimes,

By MARY JOLLIMORE
Staff Reporter

Premier John Buchanan said Thursday the decision by the National Energy Board against extending a natural gas pipeline into the Maritimes is indicative of the federal government's attitude that Canada ends at the Quebec-New Brunswick border and that "we just don't count."

"Nova Scotians are ... quiet people ... gotia...

fashion . . . but I'll tell you there comes a point when we are ready to dig in our heels and fight, and I think we are coming to that point right now," Mr. Buchanan said in an interview.

The premier said the recent decision by the Canadian Transport Commission ... Hali... ...ding ...

...nadian resource, which is much cheaper than oil," the premier said.

The announcement by federal Energy Minister Marc Lalonde comes just ... before the O... on s...

HALIFAX, CANADA, FRIDAY, JUNE 27, 1980

Eastern oil supplies put at risk until gas pipeline is extended

By BEVERLEY SPENCER

Eastern Canada's oil supply could be jeopardized if the National Energy Board continues to stall extension of the Trans-Canada Pipeline to the Maritimes, provincial Energy Minister Ron Barkhouse said yesterday.

A $166 million ... plant on the Str... along with the ... Breton area bo... go with it, cou... the wayside if ... not go ...

was recently approved, but the National Energy Board rejected an extension from Quebec City to the Maritimes, citing environmental concerns as the basis for its decision.

But, said Mr. Barkhouse, the substantial number of jobs, the "terrific boost to the area" and the spinoff benefits creat... construction of a re... the Strait ...

"That area also provides an ice-free port, a good port, and a regasification plant would create a build-up of industry there."

However, insecurity of oil supply is still a very important factor that supports Nova Scotia's bid for the plant and the pipeline, he said.

"I believe we need the pipeline to replace our foreign oil supply.

...ERN page 2

Monday, May 19, 1980

Gas for Q, and queue for ...

They've ...opped the "M" from ... Pipeline Limited pro... ...tural gas line exten... for Quebec) will get ... "M" (the Mari... ...hout.

...Energy Board has ...eral cabinet several ... for its rejection of the idea ... sending Alberta gas into the energy-worried ... t. Ottawa is ... (whatever they are); it ... feels that not enough spadework has ... by of th... ; and ... Cor... ac...

coal mines that are su... vide fuel to free us f... on foreign oil ar... Bay of Fundy t... duce electri... nessed. Ar... line, w... help ... we ... a ...

Pipeline ... stalled — not shelved

By HOLLY CLARK

A natural gas ... "sooner or la... Nova Scot... Cana...

PIPELINE MAY NEVER BE BUILT

HALIFAX, CANADA, FRIDAY, MAY 16, 1980

Approval of Eastern link needed this year — Q&M

By DON MacDONALD
Staff Reporter

...day chances are the extension will never built if it is not undertaken along with the extension to Quebec City.

...ension if is done as a pack... ...done...

possibly make another decision within a few months.

He said Q&M has not yet decided on what course of action to pursue in light of the NEB's rejection of the Maritime link ...plication.

...big said there

Pipeline extension to region rejected

By JEFF MATTHEWS
Ottawa Bureau

OTTAWA — The federal government has delivered a stinging blow to the Atlantic region by rejecting ...

cabinet accepted that decisio...

"We are now telling the c... panies to get on with ... studies, in the hopes tha... won't take too long."

Pipeline's feasibility argued

IFAX, CANADA, SATURDAY, FEBRUARY 16, 1980

obil 'has no strong feeling' or gas pipeline extension

LEANOR GRAY
aff Reporter

Oil Canada Ltd. "has g feeling" about ex- a natural gas pipeline ontreal to the Mari- Dory Little, president neral manager said in Tuesday.

he conceded in cross-ex- tion before the National y Board that a reversi- pipeline "could be consid- a plus."

Little said the decision uilding the line to carry tern natural gas to the itimes is up to the National ergy Board and the federal ernment.

The pipeline proposed jointly Trans Canada Pipeline Ltd. d Q and M Pipeline Ltd. ould be reversible and could e used to transport offshore as if Mobil's wells prove com- mercially viable.

In earlier testimony before the board, Mr. Little said if Sable Island gas reserves were sufficient to supply the Maritimes, no new line from central Canada would be required.

If a surplus of Sable Island gas ... would be essen- tia... th...

Mobil's Venture D-23, The- baud' wells ... cubic ... gas m... drilled ... A re... bic fe... comm...

NEB decision 'should be' made early

A decision to extend a nat ral gas pipeline from Montr to Nova Scotia should be m by the National Energy Bo as soon as possible. Libera ergy critic A. M. (Sa Cameron said Tuesday.

Mr. Cameron, who said he has been "monitori terest" the N.E.B Halifax this week, s encouragement must to establishing a na distribution system fo gion, at the earliest date.

"The establishment ural gas pipeline wou Nova Scotian consum providing them with an al source of energy, yielding employment a within Nova Sc

Pipeline 'should be an incentive' to Sable Island gas development

By HAROLD T. SHEA
Editor-In-Chief

HALIFAX, CANADA, THURSDAY, MAY 8, 1980

...ension of ... to ... ...ues...

tive, not as a deterrent, to the development of the Sable Island gas field, Alberta Premier Peter Lougheed said Fri-

Mr. Lougheed said he ha held exploratory talks i October with United States e ergy secretary Charles Dunc and was convinced an arran ment could be worked out tual advantage of all nments concerned.

...ing to a ques...

Natural gas pipeline key to energy needs

HALIFAX, CANADA, SATURDAY, JUNE 14, 1980

By KAREN JANIGAN

Nova Scotia would run out of fuel within three months if oil imports were cut off, A. Gordon Archibald, chairman of I. C. G.Scotia Gas Ltd., said Tuesday.

Speaking to the Rotary Club of Halifax Northwest, Mr. Archibald said Nova Scotia depends on foreign oil imports for 85 per cent of its energy needs.

"It is very important for the National Energy Board (NEB) to make a decision on the extension of the (natural) gas pipeline into the Maritimes from Montreal, where it now ends," Mr. Archibald said.

"Canada is very lucky to be able to become self-sufficient in energy through the natural gas ...

Ltd., is vying with the Nova Scotia Power Corporation for the right to distribute natural gas if the pipeline is extended into Nova Scotia.

Mr. Archibald said wh... company becom... stocks will ... to ...

lowed, the ... line into the Atlantic region would produce a ...

Pipeline extension backed by Lougheed

Alberta Premier Peter Lougheed Friday confirmed his support for provincial ownership of offshore oil and gas rights and endorsed the extension of a natural gas pipeline to the Maritime provinces.

Addressing the Rotary Club of Halifax, Premier Lougheed maintained his position that it is in the best interests ... ownership ...

rights of offshore oil and gas belong to the provinces of Canada.

Ownership would let the provinces be much more sensitive to local concerns and opportunities, instead of to decisions made in Ottawa, he said.

Furthermore, the provincial government and legislature could control the pace of development and the degree of upgradir...

Saturday, January 12, 1980

Pipeline: more than gas flow

What is the "true cost" of the proposed natural gas line extension into Nova Scotia? Can we afford it? Can we afford not to have it?

From the Nova Scotia point, those are key questions need to be examined Mon... at the National Energy Board hearing into proposals ... natural gas pipeline se...

There's a ... among Nova ... urity in er... ould be ... ipeline ... place. ... in th... eig...

of Canada, on the day when our offshore resources will be such that we will be able to feed gas into the Canadian market. Thus, we would ... firm commitment that the ... ould be one with a two- ...ability — into Nova ... ed it, and out of ... wants to ensure it has "a satisfactory supply ... have surplus ... ture" for its own use.

...re are about 1,260 billio...

Board, APEC strongly support appeal of NEB pipeline decision

By BEVERLEY SPENCER

The National Energy Board's decision to veto a gas pipeline extension to the Maritimes leaves the region hanging precariously on foreign oil supplies while it waits for Sable Island gas, officials of the Maritime economic sector agree.

For that re...

Council (APEC) and the Halifax Board of Trade say they strongly support an appeal lodged by the Nova Scotia government asking the NEB to reconsider its rejection of ... pipeline extensio... bec City...

the grounds that insufficient environmental studies had been completed. It al... tented that ... off ...

Energy board urged

(Continued from page one)

jected an application by Q&M Pipelines Ltd. for a Maritime pipeline extension.

Now Q&M says if the board does not reverse its decision by the end of this year, the extension may never be built.

T ... development minister said in an interview last night ... government will make a submission to the NEB ... to pressure the board to reverse its deci- ... of a reversible pipeline exten- ... urges the NEB to ... ral gas pipe- ... ure.

CHRONICLE-HERALD
THE MAIL-STAR

Saskatchewan for pipeline extension

By DON MacDONALD
Staff Reporter

...GINA — Saskatchewan Mineral Resources Minister ...sser says his province supports the concept of extend- ...atural gas pipeline to bring western gas to the Mari- ...rovinces but emphasizes it is unlikely any gas from his province will be made available to the eastern region.

Mr. Messer said in an interview he views the pipeline as a ...eans of providing an alternative to high-priced, imported ...le oil used in the Atlantic Provinces.

...e Saskatchewan minister said about 30 per cent of his ...natural gas needs are met by provincial production ...aining purchased from neighbouring Alberta.

Mr. Messer ...ively low reserves of natural gas. Mr. Messer ... wants to ensure it has "a satisfactory supply ... ture" for its own use.

...d also ... ...re are about 1,260 billio...

Saturday, May 17, 1980

...nergy ...

...sary ve- ...ion.

...I think there is a difference be- ...een urgency and panic," said Mr. ...enny, "We're not suggesting a ...ne-consuming study into the alter- ...tives — the information is all ...ere now, but we think you must ...ke a serious look at the alterna- ...res to this pipeline."

Mr. Denny's cautious approach, must be admitted, makes good ...nse. We have too often paid dearly this part of the country for the fol- ... of committing ...

...said

Atlantic Canada's fragile de- ...ndence on foreign oil is ex- ...ted to be emphasized today ...Halifax as the National En- ...y Board resumes hearings ...n plan t... extend a natural ...pipelin... ...o cor... ...ipel... ...f P...

tion and ICG Scotia Gas Limited are seeking the right to build a distribution system to deliver the gas once it reaches the province.

While the Buchanan government has remained silent on who it favors to distribute the ... within the province, it is ...press its case be- ...early con-

sion to the board says if a pipeline is approved, it must pay for itself and require no federal or provincial subsidies.

Provincial officials have said if a federal subsidy is needed, it must not affect funding for coal mines and other energy projects.

The province says Nova Scotia consumers cannot accept gas at a price greater ... the burner-tip price, in- ...sion costs, in

Monday, January 21, 1980

Pipeline: timing crucial

The province of New Brunswick is pressing for delay of approval of a natural gas pipeline until more in- ...rmation is available. National En- ...y Board hearings in Fredericton ...r of special projects for the Brunswick commerce and de- ...ent department to withhold a ... to allow time for a stock ... energy options in the At-

...ging in the matter of establishing Maritime Energy Corporation.

For some strange reason, governments are refusing to accept that time has run out where Nova Scotia is concerned. The people of this province entered the months of winter without any guarantee whatsoever of sufficient energy supplies to last through the cold weathe... in which to find ... promises to ... or, for ...

HALIFAX, CANADA, TUESDAY, JANUARY 15, 1980

Pipeline needed to reduce supply gap

Nova Scotia's electrical generators could "be out of busi- ... in three months" if sup- ... cut ... ner- ... f a ... the ... the ... EB) ... fast ... end- ...

day into an application by Trans Canada Pipeline Ltd. and Q and M Pipeline Ltd. to extend a natural gas pipeline from Quebec. The line would carry western Canadian natural gas from Montreal to New Brunswick and Nova Scotia.

Dr. Shaw said natural gas could be delivered by 1982. He urged that pipeline construction begin "at the earliest possible date."

Nova Scotia wants natural gas sold at the same "discount" ... eight ... level ...

APPENDIX 2

Closing Submission of the Province of Nova Scotia
Regarding the Supply of Natural Gas to the Province

January, 1980

Appendix 2

Closing Submission of the Province of Nova Scotia

INTRODUCTION

Mr. Chairman, our Province wishes to stress the fact that over 80% of the energy consumed for end use purposes in Nova Scotia is derived from petroleum products. At 42.9 barrels of crude oil per year, Nova Scotia per capita consumption of oil is among the highest of any province, and well above the Canadian national average of 27.7 barrels. All petroleum used in the province is refined from imported crude oil.

GENERAL SITUATION

Our province has recently completed a comprehensive energy planning program. One of the main overriding objectives of this important exercise was to realistically determine by what means the province can reduce its present overwhelming dependence on insecure foreign oil.

The results of our planning process clearly indicate that there are only three significant options available to the Province over the next 10 to 20 years to substantially reduce oil consumption. These options are conservation of all energy forms, the use of coal for thermal electric generation and the use of natural gas to displace oil currently being used in space and process heat applications. Our studies indicate that natural gas can displace 20% of current oil use within the Province. Taken in combination with coal and conservation, we will be able to reduce

dependence on imported oil from over 80% of primary energy requirements to approximately 45%.

SECURITY OF ENERGY SUPPLIES

Nova Scotia does not have security of energy supply under current circumstances. We are over 80% dependent upon foreign oil to meet our energy requirements. One only has to observe the Middle East, which accounts for over two thirds of OPEC production, to realize that eastern Canada is facing an intolerable situation with regard to oil supply.

Nova Scotia has testified that over the next decade there are no feasible alternatives to foreign crude oil except domestic natural gas for space and process heat applications. While we are encouraged by the initial results of recent exploratory drilling off the east coast, these findings cannot be counted upon as assured future energy supplies. Even if these discoveries eventually prove commercially viable, it will be some years before this energy can be brought ashore for use by Canadians.

Some intervenors have suggested that the Board should delay the decision on extension of the Maritime portion of the nation's gas transmission line until further studies are undertaken. They have suggested that there may be alternatives to natural gas which should also be studied. Our

response to these suggestions is that we have searched for feasible alternatives and found none. Western Canadian natural gas is the only energy commodity that can displace foreign oil in the space and process heat markets over the next decade. We do agree that other energy forms and sources must be developed as Canadian oil and gas supplies alone cannot satisfy our total energy requirements. However, to delay a critical portion of the transmission line which is so necessary to eastern Canada on the grounds of speculation or vague references about other possibilities which may be feasible at some future date is not the required initiative needed in these times of precarious energy supply.

Two propositions have been advanced in support of a delay in constructing the Maritime portion of the Canadian pipeline system.

The first proposition involves the oil potential of the Hibernia prospect off Newfoundland. While we are very pleased with the results to date concerning Hibernia, it still must be considered only a prospect. Even assuming that commercial viability can be established next year, actual production will probably not occur until late this decade. Mobil Oil Canada Limited has given evidence outlining the unique technical problems that must be overcome prior to the development of this resource.

The National Energy Board's forecast of future oil supply and demand requirements shows that by 1990 the Canadian oil producibility deficit will be in the order of 825,000 bbls per day. It seems unlikely that any new production in the east coast could make up this deficit by 1990. Therefore it is essential that natural gas move into eastern Canada to reduce our growing national crude oil deficit as quickly as possible.

The second proposition that has been cited as a possible reason for delaying the construction of the Maritime portion of the nation's pipeline is based on the potential of the Venture gas prospect off Sable Island. Our province has testified that it could be as long as three years before adequate development drilling and testing is completed to determine commercial feasibility of the Venture prospect. Further, our witnesses testified that the earliest Sable Gas could be brought on shore would be the late 1980's. This position is supported by Mobil Oil Canada Limited.

The foregoing leads to certain obvious conclusions concerning the timing of natural gas delivery to Nova Scotia.

First, an immediate decision to proceed with the pipeline extension would involve only a two year delay in natural gas delivery to Nova Scotia.

Second, if there were a decision to wait for the results of development drilling with adequate testing presumed completed in 1983, one of two delivery dates could be expected depending upon the test results. If commercial reserves are not present and a decision was then made to extend the transmission line, the province would experience a five year delay in receiving natural gas. However, if commercial reserves are proven, then the construction of production facilities would extend the critical time period to at least eight years.

Therefore a decision to delay the Maritime portion of this application on the basis of speculative potential east coast oil and gas prospects will mean a delay of at least five years, and possibly eight years, in displacing insecure imported oil in Nova Scotia.

Our province wishes to point out that no suggestions have been put forward that would reduce our dangerous dependence on foreign crude supply which is subject to interruption at any time during the next decade.

PARITY OF PRICING

A major issue throughout this hearing has been the price at which gas would be sold in new Quebec and Maritime markets. Nova Scotia has testified that gas should be available at the same burner tip prices as those existing

in presently served areas of Ontario and Quebec. Such a situation is essential if rapid market penetration is to be achieved. Most importantly, burner tip parity will have to occur if we are to prevent further deterioration of our economic base.

Our analysis indicates that the offer by Alberta to allow city gate pricing of 65% B.T.U. equivalent of crude oil for new gas markets would be sufficient to ensure a rapid market development in Nova Scotia. Such a farsighted policy should be commended by all Canadians.

SUBSIDIES ARE NOT NECESSARY

Mr. Chairman, in its evidence before the Board, our province has suggested that Federal Government subsidies drawn from the general revenue account are not necessary to ensure the success of this project. Natural gas prices will rise quickly in tandem with oil while gas production costs will increase at a much lower rate. This additional net revenue will more than offset the costs of expanding natural gas markets in Canada to displace insecure foreign oil.

Nova Scotia believes that, as has been the practice in the past, no new incremental markets should be made to bear all of the associated costs. Instead, the past practice of rolling incremental expansion into the total system should

be continued. We are not asking for a special policy. We are only asking that the policy which has been offered to all other provinces now enjoying the security and price advantages of domestic natural gas be extended as the system expands.

ADVANTAGES FOR CANADA

The immediate expansion of natural gas to Quebec, New Brunswick and Nova Scotia has a number of important advantages for Canada as a whole. The benefit of providing additional Canadians with a secure source of energy during the turbulent times that lie ahead must be obvious if we are to improve our economic and social well being. The expansion of natural gas into eastern Canada will have a significant positive impact on our balance of payments situation, displacing increasingly costly foreign oil payments.

This project will save our nation billions of dollars on oil import compensation costs, which are now averaging $17.50 a barrel. All Canadian taxpayers are currently paying this cost yet receiving no assurances of supply security.

Forecasted crude oil imports are predicted to increase substantially over the next five years while Canadian crude oil productivity is decreasing. Conservation and substitutes for oil must be used to offset the growing disparity between crude oil producibility and oil demand requirements. It is

only logical that Canadian natural gas, which is forecasted to be in adequate supply into the next century be used to displace oil, especially foreign oil, wherever possible. Finally, as low cost oil reserves in Canada continue on their road to depletion, this increasingly scarce commodity will have to be allocated to those uses where there are not acceptable substitutes, such as jet fuel and a diesel oil. The use of precious oil for steam generation and space heating where there is a more plentiful and secure alternative is an inefficient use of Canadian resources.

Mr. Chairman, the economic activity of our province relies on a source of energy over which our provincial and federal governments have little effective control. Four years ago, in a document entitled An Energy Strategy for Canada Policies for Self-Reliance, published by Energy, Mines and Resources Canada in 1976, it is stated that page 122:

> *"The prospect of increased dependence on imported oil, in today's circumstances, carries with it a degree of risk - both economic and non-economic that no Canadian, in ordering his private affairs, would accept without some form of insurance."*

Mr. Chairman, this statement is particularly appropriate to our province. We are Canadians. We need integration into the Canadian energy supply system as insurance

against the disruption in the supply of imported oil. We believe that the only practical way to integrate eastern Canada into the Canadian energy supply system within a reasonable time is by the extension of our natural gas pipeline through eastern Canada. Energy, Mines and Resources recognized this need at least four years ago. Now it is time for action.

Mr. Chairman, we believe that the stated federal government energy policy of eliminating the country's dependence on expensive, imported insecure energy is entirely in harmony with the needs and objectives of our province. However, a policy of national self-sufficiency is inadequate unless it eliminates the vulnerability of each region to insecure foreign oil. A crucial move toward achieving this national objective within a reasonable time is the approval of the application presently before this Board to supply eastern Canada with western natural gas. Therefore, in the context of both federal energy policy and proven Maritime need, the extension of the natural gas pipeline through the Maritimes is an essential step toward energy self-sufficiency.

Mr. Chairman, the necessity for an immediate decision to extend the natural gas pipeline completely through the Maritimes is emphasized by the evidence presented to you by the applicants. I quote the evidence of Mr. Abercrombie at page 5495 of the transcript, where in response to a question

by Mr. Macnamara dealing with the degree to which the pipeline should be extended, he stated:

> *Mr Abercrombie: Not contemplated that possibility, and there will not be an agreement covering that, or any condition covering that. It is our hope that the Board will certificate what we are applying for in both Quebec and the Maritimes. We in our Company believe very strongly that if the certificate were to be granted only to Quebec and then require a further hearing for a certificate into the Maritimes at some point in the future, the prospects for ever getting a certificate for the final section of this national pipeline grid would be virtually zero.*

Mr. Chairman, the vulnerability of the province of Nova Scotia under present energy supply circumstances is self evident. This Board holds a major key to the security of future eastern Canadian energy supply. We are confident you will exercise your national powers to ensure that all regions of Canada are provided with an equitable chance for economic and social development during the next decade and beyond.

IN THE MATTER OF the National Energy Board Act and the Regulations made thereunder;

-and-

IN THE MATTER OF applications made by Alberta and Southern Gas Co. Ltd., Canadian-Montana Pipe Line Company, Columbia Gas Development of Canada Ltd., ICG Transmission Limited, Niagara Gas Limited, and Westcoast Transmission Company Limited for licenses under Part VI of the National Energy Board Act for the export of natural gas to the United States of America;

-and-

IN THE MATTER OF a joint application made by Pan-Alberta Gas Ltd., TransCanada PipeLines Limited, and Consolidated Natural Gas Limited for licenses under Part VI of the National Energy Board Act for the export of gas to the United States of America;

-and-

IN THE MATTER OF applications by Q & M Pipe Lines Ltd., TransCanada PipeLines Limited, and ICG Transmission Limited for certificates of public convenience and necessity under Part III of the National Energy Board Act;

CLOSING SUBMISSION OF THE PROVINCE OF NOVA SCOTIA

REGARDING THE SUPPLY OF NATURAL GAS TO THE PROVINCE

January, 1980

APPENDIX 3

Application for Review and
Amendment of Decision

July, 1980

IN THE MATTER OF: The National Energy Board Act and the Regulations made thereunder;

- and -

IN THE MATTER OF: An Application by Trans Canada Pipelines Limited and Q. & M. Pipelines Limited for a Certificate of Public Convenience and Necessity under Part III of the National Energy Board Act;

- and -

IN THE MATTER OF: A Decision of the National Energy Board dated April, 1980 and published on or about May 15, 1980.

APPLICATION FOR REVIEW AND AMENDMENT OF DECISION

WHEREAS Trans Canada Pipelines Limited and Q. & M. Pipelines Limited (the Applicant) applied to the National Energy Board under Part III of the National Energy Board Act for a Certificate of Public Convenience and Necessity for the construction of a natural gas transmission system from Montreal through the Provinces of Quebec, New Brunswick and Nova Scotia, to supply natural gas to areas in these Provinces not presently served with this valuable Canadian energy source;

AND WHEREAS the National Energy Board in its decision dated April, 1980, granted a portion of the Application extending the Canadian Natural Gas Transmission System from Montreal to Quebec City but not through to Nova Scotia as applied for by the Applicant;

NOW THEREFORE TAKE NOTICE that the Province of Nova Scotia hereby applies to the National Energy Board pursuant to Section 17 of the National Energy Board Act, and in accordance with Rule 20, as amended, for a review of its April, 1980 Decision regarding the Application by Trans Canada Pipelines Limited and Q. & M. Pipelines Limited for a Certificate of Public Convenience and Necessity pursuant to Part III of the Act to extend Canada's Natural Gas Transmission System to Nova Scotia;

AND FURTHER TAKE NOTICE that the Applicant respectfully requests the April, 1980 Decision be amended as follows:

(a) That the National Energy Board grant a Certificate of Public Convenience and Necessity for the extension of Canada's Natural Gas Pipeline Transmission System to and through Nova Scotia as applied for by the Applicant.

(b) That the Certificate of Public Convenience and Necessity be issued to the Applicant for the entire system subject to the conditions imposed by the Board on the Applicant for the certificated portion of the line relating to the filing of executed sales contracts prior to the commencement of construction, the filing of information showing that the appropriate arrangements have been made for financing the pipeline facilities before commencement of construction, and such further environmental impact studies and safeguards prior to construction

as are deemed necessary by the Board.

AND FURTHER TAKE NOTICE that the grounds for this Application for Review and Amendment are as follows:

(a) The Decision was incorrect in its statement made on Page 11-10 that:

> "The Board believes that the evidence produced on offshore resources raises significant uncertainties as to the configuration of the Q. & M. Pipeline and the Board is not satisfied that the pipeline facilities proposed to be built and operated by Q. & M. are and will be required by the present and future convenience and necessity."

The Applicant respectfully submits that the only reliable evidence adduced on offshore resources off the East Shore of Canada indicated that the possibility of viable commercial recovery was highly speculative.

(b) The Decision of the Board is inconsistent and therefore incorrect in its assumption that East Coast oil and gas reserves were so uncertain that they could not be included in the Phase 1 portion of the Hearing dealing with established reserves available for export, but are sufficiently certain to justify a delay in the construction of the urgently needed eastern portion of our National Gas Pipeline System.

(c) The Decision is incorrect in that it did not give sufficient weight to the fact that the eastern portion of our Canadian Natural Gas Transmission

System would be easily reversable and therefore required for the future public convenience and necessity should the need arise to transport East Coast Natural Gas to Canadian and export markets.

(d) That the Board, in its determination of public convenience and necessity, failed to place sufficient weight on the importance of making a secure Canadian energy source available to a region of Canada which is highly dependent on insecure and expensive foreign crude oil supplies. Specifically, the Board erred in concluding that the value of a secure supply of Canadian energy to Eastern Canada over the next eight years is only $38,000,000.00.

(e) The Decision is inconsistent and incorrect in its statement that the Applicant cannot construct the eastern portion of the pipeline in an environmentally acceptable manner in light of the Board's finding that this portion of the pipeline could be built with minimal interference with existing or potential land uses.

(f) The Decision is incorrect in its assumption that the economic viability of the eastern portion of the project cannot be reasonably assured under the proposed conditions in light of the Board's finding that the overall project could be economically viable.

AND FURTHER TAKE NOTICE that the Applicant respectfully requests the Board to review and alter its Decision on the grounds that changed circumstances of major significance have arisen since the issuance of the Decision. The changed circumstances relied upon by the Applicant are the substantial increase in world crude oil prices and reduced production planned by the O.P.E.C. Nations. On this point the Applicant refers the Board to Page 11-9 of its Decision, wherein it states:

> "On the other hand, the Board notes that future increases in imported oil prices would lead to economic benefits associated with the Q. & M. Project improving faster than would be the case with Trans Canada's Project in Quebec."

AND FURTHER TAKE NOTICE that the Applicant respectfully requests permission to present oral submissions on the issues raised in this Application For Review to the National Energy Board at its offices in Ottawa on the earliest convenient date.

AND FURTHER TAKE NOTICE that the name and address of the solicitor for the Applicant is as follows:

Gregory Evans
Department of Attorney General
P. O. Box 7
Halifax, Nova Scotia
B3J 2L6

DATED at Halifax, Nova Scotia, this 22nd day of July, A.D. 1980.

GREGORY EVANS

TO: National Energy Board
473 Albert Street
Ottawa, Ontario
K1Y 1B3

TO: All interveners in the Certificate Phase of the Hearing

IN THE MATTER OF: The National Energy Board Act and the Regulations made thereunder;

- and -

IN THE MATTER OF: An Application by Trans Canada Pipeline Limited and Q & M Pipelines Limited for a Certificate of Public Convenience and Necessity under Part III of the National Energy Board Act;

- and -

IN THE MATTER OF: A Decision of the National Energy Board dated April, 1980 and published on or about May 15, 1980.

APPLICATION FOR REVIEW AND AMENDMENT OF DECISION